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FEDERAL COMMUNICATIONS COMMISSION  
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VIA COURIER

Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
TW-A325  
Washington, D.C. 20554

**Re: WT Docket 99-87 *Ex Parte* Filing**

Dear Ms. Salas:

In accordance with section 1.1206 of the Commission's rules, The Boeing Company (Boeing) hereby respectfully submits this *ex parte* letter in the above-captioned proceeding. In so doing, Boeing seeks to provide the Commission with a private radio user's distinctive insight on the importance of exempting pure private radio use from competitive bidding,<sup>1</sup> and on the necessity of continuing to allocate spectrum for private use.<sup>2</sup> Private radio has historically played an important role for this country's industrial growth and thereby in the nation's economy. Should pure private radio users be forced into competitive bidding, however, the

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<sup>1</sup> See Comments of The Boeing Company, WT Docket 99-87 at 10, 13-14 (filed on August 2, 1999). Boeing believes that the Commission should define private internal radio service as "a service for which the licensee does not receive compensation from a third party for the use of the spectrum licensed to it, and all messages are transmitted between fixed and operating positions located on premises controlled by the licensee and the associated fixed or mobile stations or other transmitting or receiving devices of the licensee." Boeing considers licensees utilizing spectrum for the provision of such service, to be "pure private wireless users."

<sup>2</sup> The record clearly shows that Boeing has consistently supported the imposition of fiscal incentives for efficient spectrum use on all spectrum users. See Boeing's *Ex Parte* Presentation to the FCC, PR Doc. No. 92-235, "Frequency Spectrum Issues", at 16 (filed Sept. 25, 1995), Comments of The Boeing Co., PR Docket No. 92-235, at 3 (filed Nov. 20, 1995), Reply Comments of The Boeing Co., PR Docket No. 92-235, at ii (filed Jan. 11, 1996), and Boeing's *Ex Parte* Presentation to the FCC, "Frequency Spectrum Issues - Inefficiency License Fees" (filed Feb. 21, 1997); see also Comments of The Boeing Company, WT Docket 99-87 (filed August 2, 1999).

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logical consequence will be an increase in the price of U.S. goods and services, and reduced international competitiveness.

As of last year, the Land Mobile Communications Council estimated that over 275,000 American business, both FORTUNE 500 companies and small businesses, used more than 10 million private radios to maintain the smooth flow of operations, to coordinate maintenance and security, and to schedule the distribution of their products.<sup>3</sup> As a large business and a significant user of private radio spectrum, Boeing believes it can speak on behalf of itself and thousands of similarly situated, industrial spectrum users (especially including smaller users who are not aware of, and can little afford to participate in, the FCC's policy making processes), when it expresses concern over the gravity of allowing the continued erosion of spectrum, originally intended for pure private wireless applications, to commercial use. Like the majority of commenters in this proceeding, Boeing also finds the Commission's consideration of the use of competitive bidding for allocating such spectrum equally troubling.

Nextel's comments in this proceeding mischaracterize the use of private wireless spectrum, and mistakenly assume all private internal radio users' needs can be fulfilled with the touch of a single button on a Nextel iDEN phone.<sup>4</sup> While Boeing admits that such a conclusion would prove to be very convenient for Nextel, the commercial carrier grossly underestimates the varied uses private internal radio systems play for industrial users, and the public interest served by such applications. Contrary to the claims of commercial service providers, and as described further below; private internal radio systems benefit the public in an important, irreplaceable, and critical manner. For instance, industry's use of private internal radio systems improves both the productivity and the competitiveness of American businesses. Private wireless spectrum allocations therefore significantly serve the public interest and should not hastily be disregarded in the pursuit of either revenues derived from the use of competitive bidding, or perceived cost savings from simplified licensing and other FCC administrative processes. For this reason and many others, the Commission is statutorily prohibited from basing any spectrum allocation, competitive bidding, or public interest determinations on the expectation of Federal revenues.<sup>5</sup>

Notwithstanding the broad claims of commercial carriers, only pure private internal radio users truly understand the significance and critical nature of their private radio needs. While Boeing has previously explained that it uses numerous commercial telecommunications services where they make economic sense, it has also noted that it has many private internal radio needs that cannot be met by such service. Pure private radio users, like Boeing, need continual and

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<sup>3</sup> See Petition for Rulemaking Submitted by the Land Mobile Communications Council, RM 9267 at & 4 (April 22, 1998).

<sup>4</sup> See Reply Comments of Nextel Communications, Inc., WT Docket 99-87 at 9 (Sept. 30, 1999).

<sup>5</sup> 47 U.S.C. § 309(j)(7).

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immediate access to their work force via their private internal radio systems to ensure the safety of their employees during the manufacturing process. Boeing also depends on its private internal radio systems for production-line and logistical communications. Potential congestion by other commercial users of spectrum, especially in times of emergency, could greatly hinder Boeing's ability to respond to life threatening and hazardous situations.

Further, Boeing's pure private internal radio use has highly developed proprietary characteristics integral to Boeing's manufacturing systems, and outsourcing its internal radio use could potentially reveal certain competitive processes. Moreover, Boeing's private internal radio system needs to operate in a number of isolated areas such as in tunnels and airframe structures where commercial service is particularly ill-equipped to provide communications coverage. Given the features of control and the integral role Boeing's internal radio system plays in its day to day business operations, Boeing cannot risk the loss of priority access to spectrum or service outage delays, the restoration of which is determined by commercial service providers. Additionally, from practical, contractual versatility, and liability perspectives, vendor equipment and tower siting on Boeing's premises is wholly undesirable, especially in light of the fact that Boeing is well versed in operating and maintaining its own internal radio systems.

As an efficient user of private radio spectrum, Boeing takes extreme umbrage at the assertion that its use of radio spectrum is tantamount to public welfare. Boeing instead believes that by using its private internal radio system to help meet America's aerospace and manufacturing needs, it benefits the American public in the form of lower costs in goods and services. Beyond enhancing the productivity of its manufacturing processes, Boeing uses its private internal radio systems on a daily basis to provide communications services that protect the safety of life, health and property.

Boeing therefore urges the Commission to recognize in its decision in this docket that there are multiple spectrum needs and uses. Boeing further implores the Commission to find that the efficient use of spectrum does not necessarily always equate to theoretical market efficiencies of competitive bidding. The Commission must therefore employ different fiscal incentives, tailored to the differing economics of private and commercial use of spectrum, to derive an equitable solution to spectrum allocations.

Respectfully Submitted,



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